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NEWS RELEASE

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PSC Strengthens Electric Reliability Reporting Requirements

Utilities will have to track performance for every circuit

FRANKFORT, Ky. (May 30, 2013) – The Kentucky Public Service Commission (PSC) has ordered electric utilities in the state to provide it with more detailed information about the reliability of their distribution systems.

In an order issued today, the PSC directed utilities to track distribution reliability on a circuit-by-circuit basis and to identify those circuits for which reliability declines. Utilities will be required to submit plans for improving the reliability of circuits with declining performance.

The first reports under the new requirements are due by April 1, 2014.

With today's order, the PSC revises reliability reporting requirements that first took effect in 2007. Prior to that time, Kentucky had no uniform reliability reporting standards for electric utilities, beyond a requirement to report significant outages.

"One of the PSC's fundamental roles is making sure that regulated utilities in Kentucky provide safe and reliable service," PSC Chairman David Armstrong said. "These new reporting requirements will significantly enhance the PSC's ability to monitor the performance of electric utilities under its jurisdiction."

Under the new requirements, utilities will continue to report overall distribution system reliability using several standard indices commonly used by electric utilities. The indices measure the frequency and average duration of outages.

That system-wide information "is not sufficient to render a judgment on a utility's specific reliability performance" because they reflect only broad averages, the PSC said in today's order. "It is possible for system-wide indices of a utility to mask significant and persistent performance issues within the system" and reflect overall improvement while obscuring problems with specific circuits, the PSC said.

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Therefore, the PSC is requiring utilities to compile annual reliability data for every circuit in a system and to compare that annual figure against an average of the preceding five years. Circuits that perform worse than the five-year rolling average are to be identified, and information provided about the number and causes of outages and date that vegetation removal was last performed on the circuit.

Utilities also are to submit a plan for each underperforming circuit, detailing the measures taken or planned to improve its reliability. A utility also may submit any information that helps explain why the circuit's reliability declined.

"With the data provided per circuit, the Commission believes it can have sufficient information to assist in analyzing reliability and in effectively exploring the utilities' plans for any corrective actions," the PSC said.

The system-wide averages are to be calculated both with and without outages caused by major events such as severe storms. Circuit-specific performance calculations are to exclude such major outages in order to give a better picture of circuit reliability under normal operating conditions.

The PSC stated that neither the system-wide nor the circuit-specific reliability data should be used to compare systems or circuits to each other. Rather, they are to be used to track performance over time, the PSC said.

The new reporting requirements have been under development since January of 2012, when the PSC opened an administrative proceeding to examine the adequacy of the reliability reporting standards in place at that time.

In developing the new requirements, the PSC surveyed the electric utilities it regulates. Nearly all supported maintaining the current reporting requirements that collect data on overall system performance and require utilities to identify the 10 circuits in their systems with the lowest reliability. Most did not favor tracking circuit-by-circuit performance.

Today's order and related documents are available on the PSC website, psc.ky.gov. The case number is 2011-00450. The case which established the now superseded requirements is 2006-00494. That case file is also available on the PSC website.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.